

# NEWS from



## **Bill Postmus Supervisor, 1st District**

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### **BOARD ADVANCES NEW APPLE VALLEY LIBRARY-- COST SAVINGS EXPECTED**

SAN BERNARDINO--First District San Bernardino County Supervisor Bill Postmus and the Board of Supervisors today moved Apple Valley a step closer to a new, \$2.5 million library. The unanimous Board action authorized the County Library to submit an application to the California Infrastructure and Economic Development Bank for a \$1.9 million loan to fund construction.

The Board action also approved an increase in the County Library's Federal Institute of Museum and Library Services (IMLS) grant under the State Library Services and Construction Act Title II. In June 1998, the County was awarded \$250,000 toward the Construction of the new Apple Valley Branch Library. The additional \$200,000 was predicated on the Library completing its Architectural Drawings. Final Drawings are now under review.

Supervisor Postmus pushed for the loan from the California Infrastructure and Economic Development Bank shortly after he took office in December.

"The terms of the loan are very favorable," Postmus said, "and we have an excellent chance of being approved for the loan."

Postmus said when he took office he discovered that a proposal supported by staff under the previous Supervisor called for the issuance of Certificates of Participation (C.O.P.s) to finance the project. C.O.P.s are basically non-voter-approved bonds that are often criticized for being too expensive. The financing method has been under severe criticism by the San Bernardino County Grand Jury, which has expressed its concern over the County having one of the highest levels of such debt in the state. The county, which has

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a \$3 billion debt, used C.O.P.s to finance the Arrowhead Regional Medical Center in Colton at a cost of more than \$600 million.

"I made it clear right off the bat I would not support C.O.P.s because they are too expensive and because they are an end-run around the voters," Postmus said. "Also I feel that the county has too much of this kind of debt already."

Postmus said had the \$1.9 million been financed with C.O.P.s, the financing costs would have ranged from \$130,888 to \$139,136 per year (at interest rates of 4.5% to 5.4%). Financing costs resulting from receiving a loan from the State Infrastructure Revolving Loan Fund would be \$114,699, resulting in a savings of \$16,189 to \$24,437 per year over the 30-year life of the loan. This is based on an estimated interest rate of 3.886 percent.

The California Infrastructure State Revolving Fund Program provides low-cost financing to public agencies and sponsoring by the California Infrastructure and Economic Development Bank (CIEDB), which is currently funded with \$275 million. Projects selected for approval must demonstrate that they develop and enhance public infrastructure in a manner that will attract, create and sustain long-term employment opportunities. Applications submitted to the CIEDB by the first of the month will be considered for approval six weeks later. There is a one-time loan origination fee of .85% and a .3% annual servicing fee of the outstanding loan balance, according to county officials.

The costs of a 30-year loan from the Infrastructure Bank, assuming an interest rate of 3.52% are projected as follows:

### Sizing of issue

Net project cost	1,900,000
Capitalized Interest	73,877
Estimated cost of issuance	<u>16,922</u>
Total principal issued	1,990,799

### Average Estimated Cost Per Year

Debt service	108,999
Annual Servicing Fee	<u>5,700</u>
Total cost per year	114,699

The funds will be used toward construction of a new Apple Valley Branch Library to be located on Aztec Road between the current library facility and town hall. It is anticipated that the project will begin in early spring, with completion slated one year later. The project's total cost is estimated to exceed \$2.5 million. Plans call for a 15,000 square-foot

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facility with a 3,300 square-foot addition to be bid as an alternative should additional funding be found at the time the project is advertised for bids.

Two Conference/meeting rooms and an expanded children's section will highlight the project. The new facility would replace the current 10,000 square-foot rented structure. The new branch will be the first new library facility built in the Victor Valley area in 25 years, according to the County Librarian.

The Library currently spends \$88,000 per year in lease payments for the existing library facility in Apple Valley. These funds would be redirected to debt service when the new facility is completed. The remaining amount would be funded from the Library's operating budget, according to county officials.